

**SECRET**

17 January 1957

CMCC Doc. No. 151X5.386

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Dear George:

The enclosed proposal covers the research and development program for the System 4 test set and is a firm cost estimate to replace the present contractually-funded estimate of [redacted]. Some preliminary work has already been done on test set development, and the accompanying technical exhibit, CMCC Doc. No. 1133X5.11, describes the proposed performance and configuration of the test set. Design work on the set will be performed by personnel now working on the System 4 development. It is expected that these personnel will become available for work on the test set about February 1. On this assumption, development work should be completed on the test set prototype by the end of April, and it is hoped that the first production units will be available early in June. While we appreciate that it would be desirable to have the preflight test set available simultaneously with the system, we are, of course, assigning priority to the development and production of the system, and necessarily the test set will lag. The estimated cost of the test set development is [redacted] and the fixed fee at [redacted]. The total estimated cost including fee is therefore [redacted].

Many of the elements of the test set are commercial test equipment, and it is recommended that these items be purchased immediately along with certain additional items of commercial test equipment which will be required as a part of the SLOE. It will be possible for skilled personnel to make the necessary tests of the system with this commercial equipment, although the time required will be much longer and the procedures much more complicated than with the preflight test set. A proposal covering the commercial test equipment has been forwarded to you separately.

We estimate the production cost of our manufactured preflight test equipment to be [redacted]. Again, we would suggest funding in the contract of this estimated amount so that procurement may be started at the appropriate time for long lead-time items.

It is still too early to develop a good detailed cost estimate for the production of System 4. However, it still appears that the [redacted] estimated figure presently funded in the contract is a good, conservative estimate. We would suggest increasing the contract funding to ten systems

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17 January 1957

at this estimated cost to provide coverage for parts procurement and production effort which is already under way for the ten production systems.

Sincerely,



Dean

Enclosures:

Copies 1-3 of 4 of the  
following documents:  
CMCC No. 1131X5.77  
CMCC No. 1132X5.69  
CMCC No. 1134X5.17

Copies 1-3 of 10 of Doc.  
No. CMCC 1133X5.11

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